COMMERCIAL VEHICLES, LIGHT TRUCKS & VANS IN AUSTRALIA

PREPARED BY:

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SUMMARY:

This report outlines Australia's market for commercial vehicles specifically focusing on light trucks and vans. Light trucks are classified as "motor vehicles for the transport of goods not exceeding 5 tones" under HS Code 8704.21. Vans are classified as "motor cars and other motor vehicles principally designed for the transport of persons (not greater than 10 people) with a cylinder capacity greater than 1,500 centimeters cubed but less than 3,000 centimeters cubed" under HS Code 8703.23.

The automotive industry in Australia is currently experiencing a boom. The Australian Federal Chamber of Automotive Industries forecasts new car sales to reach 980,000 by the end of 2005, which is an increase of 3% from 2004. Although the light truck market has experienced a 2.5 percent increase year-to-date, the van market is down by –1%.

MARKET OVERVIEW:

- Industry revenue for the truck/van segment is estimated at $11,355.16 million, over 2003-04.
- In year-to-date terms, the light truck market is 2.5 percent ahead of this time last year with sales currently at 113,329 vehicles.
- Drivers of this growth in volume are the pick-up/cab chassis models in particular with the pick-up/cab chassis 4X4 segment.
- Light trucks currently occupy 44.3 percent of national vehicle retail share.
- National Vehicle Retail Share:

	Current Year		**Prior Year**	
Type of vehicle	Month	YTD	Month	YTD
Passenger	62.3	61.4	61.4	61.3
Commercial	37.7	38.6	38.6	38.7
SUV	46.6	48	48.7	47.2
Light Trucks	45.1	44.3	43.1	45.4
Heavy Trucks	8.2	7.8	8.2	7.4

- Although the month of August saw an increase in the van segment of 0.5 percent, their volumes to date are down 147 vehicles (-1%) compared to this time last year.
- Demand determinants for truck/van markets: Vehicle pricing, exchange rates, interest rates, petrol/gas prices.
- With petrol/gas reported to cost the average Australian one quarter of their weekly wage, diesel trucks, diesel utes, (http://hilux.toyota.com.au/toyota/vehicle/HomePage/0,4666,1586_544,00.html) and diesel heavy vehicles sales have risen also.
- The high fuel prices and manufacturer discounts on new vehicles has caused an over supply in secondhand cars especially 4WD vehicles and larger vans.
- Over the past three years, prices of light commercial and rigid vehicles have risen 7 percent, however, the prices of Japanese imports have increased much more due to the appreciation of the Yen.
- Light commercial and sports utility segments have experienced strongest growth thus sales in aftermarket products for these vehicles have also increased.
- The forecast for the next five years shows unsettled growth within the commercial vehicle sector, peaking in 2008 with an estimated 3.5 percent growth.

- Five year forecast (including heavy commercial vehicles):

Year	Estimated Revenue (Millions)	Estimated Growth
2005	11,616.60	2.30%
2006	10,803.40	-7.00%
2007	11,051.92	2.30%
2008	11,438.76	3.50%
2009	11,552.76	1.00%

- The largest producers of light trucks are Holden (28 percent market share YTD), Toyota (25 percent market share YTD), Ford (19.2 percent market share YTD) with Mitsubishi & Nissan equal (8.2 percent market share YTD) followed by Mazda, Kia and a number of European manufacturers making up the balance.
- The light commercial segment has increased its product offerings with different models thus nearly all major manufacturers are currently represented. These vehicles mainly service the small business segment, ie- tradesman.
- The heavy commercial vehicles sector is nearing an oligopoly with the number of product offerings decreasing as the larger trucks become more homogenized.
- Segmentation of buyers of light trucks/vans: Private buyers 55%, fleet buyers 45%.

2000-2003 Industry History:

Industry Revenue	2000-2001	2001-2002	2002-2003
Industry Gross Product (Current prices in AUD$)	4,386.60	4,899	5,695.30
No. of establishments	825	830	840
Employment	22,250	22,310	22,410
Domestic Demand	6,664	7,131.10	8,281.90
Imports as a % of Domestic Demand	48.17	43.65	40.43
Exports as % of revenue	21.26	17.98	13.38

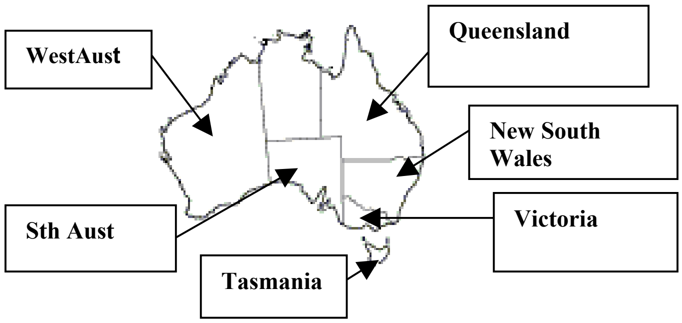
(IBIS World Report 2005)

U.S. POSITION:

- The recent enactment of the U.S.-Australia Free Trade Agreement allows 99% of U.S. automobiles and related parts & accessories to enter Australia duty free.
- Australia's aging vehicle fleet, together with the growth of the domestic market and Australia's highly export-oriented automotive industry, translates to substantial opportunities for U.S. firms.
- The continuing weak U.S. dollar relative to the Australian should improve the ability of U.S. exporters to compete with other suppliers, particularly from Asia, to capture a greater share of this growing market.
- There is particular opportunity for U.S. suppliers of OEM parts that are made of lightweight aluminum. This is a forthcoming trend in the manufacture of cars.
- In general, U.S. manufactured high-quality and competitively priced products and accessories are always in demand in Australia. Australians view U.S. manufactured products as superior.

COMPETITON:

- Local producers: Ford, Holden, Mitsubishi & Toyota have manufacturing operations in Australia.
- The majority of truck/van and related component manufacturing is done in the States of New South Wales (28%) and Victoria (26%) with a fair amount of related componentary work completed in Queensland. (Please see map on following page)
- South East Asia: Japan, South Korea and Thailand
- Europe: Germany and to a lesser extent Spain.



Imports: HS Code: 8703 – Motor Vehicles for Transporting Persons

						% Share		% Change
Rank	Country	2003	2004	2005	2003	2004	2005	- 05/04 -
0	Total	4614.63	5013.95	5469.26	100	100	100	9.08
1	Japan	2688.25	2957.62	3068.56	58.26	58.99	56.11	3.75
2	Germany	735.60	709.85	564.69	15.94	14.16	10.33	-20.45
3	Korea, Sth	184.60	279.65	412.91	4	5.58	7.55	47.65
4	Sth Africa	204.84	237.12	296.14	4.44	4.73	5.42	24.89
5	U.S.	183.99	204.39	183.84	3.99	4.08	3.36	-10.05
6	Spain	66.65	72.03	142.34	1.44	1.44	2.6	97.6
7	U.K	171.69	140.82	138.72	3.72	2.81	2.54	-1.49
8	Poland	0.00	16.93	120.79	0	0.34	2.21	613.42
9	Belgium	4.15	111.35	117.05	0.09	2.22	2.14	5.12
10	Thailand	32.57	49.53	115.50	0.71	0.99	2.11	133.19

(World Trade Atlas December 2004)

Imports: HS Code: 8704 – Motor Vehicles for the Transport of Goods

						% Share		% Change
Rank	Country	2003	2004	2005	2003	2004	2005	- 05/04 -
0	Total	1262.46	1498.77	1792.43	100	100	100	19.59
1	Thailand	343.51	410.19	674.80	27.21	27.37	37.65	64.51
2	Japan	572.20	653.28	562.34	45.32	43.59	31.37	-13.92
3	U.S.	112.92	224.10	218.82	8.95	14.95	12.21	-2.36
4	Germany	35.15	21.79	46.21	2.78	1.45	2.58	112.08
5	Brazil	26.64	28.05	36.24	2.11	1.87	2.02	29.17
6	Spain	25.74	35.76	35.79	2.04	2.39	2	0.12
7	Sth Africa	7.74	5.46	25.99	0.61	0.36	1.45	376.2
8	Korea, Sth	22.53	15.36	25.70	1.79	1.03	1.43	67.31
9	Turkey	0.00	3.11	23.31	0	0.21	1.3	650.82
10	Sweden	11.34	11.60	22.63	0.9	0.77	1.26	95.19

(World Trade Atlas December 2004)

PRINCIPAL EXISTING SUBSECTORS:

- Light Commercial Vehicles (including vans & trucks): 83.2%
- Rigid Vehicles: 10.1%
- Articulated Trucks: 2.8%
- Buses: 2.6%
- Non Freight Carrying Trucks: 1.2%

BEST PROSPECTS WITHIN THESE SUBSECTORS:

- Light Utility Style Commercial Vehicles & related parts
- Vehicles and parts specifically related to the 4X4 commercial market
- Accessories relating to trade vans, eg: cargo barriers

MARKET ACCESS:

- 99% of U.S. manufactured automobiles and related parts & accessories are now duty free as a result of the recently signed U.S.-Australia Free Trade Agreement.
- To be classified as duty free, U.S. parts must prove that they meet the Australian Customs, Rules of Origin requirements, ie- they have minimum 51% U.S. content. Further clarification on the Australian Rules of Origin can be found at: http://www.customs.gov.au/site/page.cfm?u=4270
- All OEM automotive parts must comply with national standards that are currently known as the Australian Design Rules (ADRs).
- The ADRs specifically set out design standards for vehicle safety and emissions. They are developed through a consultative process involving government, industry, employee and consumer representatives. The ADRs are national standards and use United Nations vehicle categories and are harmonised to a considerable extent with international standards.
- A full list of the ADRs is available on CD-Rom for a fee. U.S. companies interested in acquiring a copy of this CD-Rom or are interested in obtaining further information on vehicle regulations should contact Kate Wilkie at the U.S. Commercial Service in Melbourne, Australia. Details are at the end of this document
- Second hand components/parts may also be subject to compliance by the Australian Quarantine and Inspection Service (www.aquis.gov.au).

MARKET ENTRY:

It is essential that U.S. companies undertake market research before they enter the Australian market. It is strongly advised that if international expansion into Australia is sort, that companies contact the U.S. Commercial Service in Australia to discuss which service is most suited to their concept.

In addition, companies with a strong interest in supplying the Australian automotive market should consider attending local trade shows which present excellent opportunities to showcase products, as well as view competitor products.
The Commercial Service is happy to recommend and assist international visitors with Australian trade shows and expos.

OPPORTUNITIES FOR PROFILE BUILDING/UPCOMING TRADE EVENTS:

THE NATIONAL TRUCK & COMMERCIAL VEHICLE EXPO
Date: September 7-10, 2006
Location: Sydney Showgrounds, Sydney Olympic Park
Frequency: Every second year
Exhibition Organizer: Exhibition Management Pty Ltd
Tel: 61 3 9699 4699
Fax: 61 3 9690 9333
Email: info@exhibitionmanagement.com.au
Website: www.exhibitionmanagement.com.au

THE AAAA TRADE FAIR 2007
Date: 21-23 June, 2007
Location: Melbourne Exhibition and Convention Center
Frequency: Biennial (alternates between Melbourne & Sydney)
Exhibition Organizer: The Australian Automotive Aftermarket Association and Australian Exhibitions and Conferences
Tel: 61 3 9654 7773
Fax: 61 3 9564 5596
Email: aaaa@aec.com.au
Web Site: www.aaaa.com.au & www.aec.net.au/aaaa

THE AUSTRALIAN AUTO TRADE FAIR 2006 (crash repair oriented)
Date: June 23-25, 2006
Location: Sydney Exhibition and Convention Center
Frequency: Biennial (alternates between Melbourne & Sydney)
Exhibition Organizer: Expertise Events Pty Ltd
Tel: 61 2 9938 9938
Fax: 61 2 9939 4229
Contact: Ross Hannan
Email: RossH@expertiseevents.com.au
Web Site: www.ausauto.com/autotradefair2004 & www.expertiseevents.com.au

4WD SHOW
Frequency: Annual
Exhibition Organizer: Exhibition & Trade Fairs Pty Ltd
Contact: Jason Humphris
Tel: 61 3 9567 4260
Fax: 61 3 9567 4261
Web Site: www.4wdworld.com.au/newsevents/nat4x4show
www.4x4show.com.au

OTHER RESOURCES:

- Australian Trucking Association: www.atatruck.net.au
- Australian Automotive Aftermarket Association: www.aaaa.com.au
- Australian Federation of Automotive Products Manufacturers: www.fapm.com.au
- Federal Chamber of Automotive Industries: www.fcai.com.au

CONTACT US:

If you would like any other information on the Australian Automotive market, we would love to hear from you. Please contact Kate Wilkie, Commercial Specialist responsible for the automotive sector at: kate.wilkie@mail.doc.gov or via fax: +613-9510-4660. In addition, please visit our website to discover the latest commercial developments in Australia's automotive sector: www.buyusa.gov/australia

All figures in this report are quoted in U.S. dollars and are based on exchange rate USD$1 = AUD$ 1.31.